

Support for CLIMBER Incentives to focus on Women/Minorities/Veteran/Rural Small Businesses

There is a preponderant amount of data, analysis, and research that shows there has been a historic and current lack of access to capital for underserved Women/Minorities/Veteran/Rural owned Small Businesses.

The article by the U.S. Department of Commerce, Minority Business Development Agency from 2010 called “Disparities in Capital Access between Minority and Non-Minority-Owned Businesses” showed the need for government programs to address the failures in the private market to serve underserved communities.

Ewing Marion Kauffman Foundation wrote in the March 2019 “Access to Capital for Entrepreneurs: Removing Barriers” report that “Access to capital plays an important role in entrepreneurship, in both direct and indirect ways. External private institutional capital—in other words, bank lending and venture capital—dominates the research and public discourse. Yet, at least 83 percent of entrepreneurs do not access bank loans or venture capital at the time of startup. Almost 65 percent rely on personal and family savings for startup capital, and close to 10 percent carry balances on their personal credit cards.”

“In fact, entrepreneurs face geographic, demographic, and wealth barriers, exacerbated by a capital market structure that does not effectively find and support the majority of entrepreneurs. There is significant unmet demand for financing.”

“Emerging Solutions: Building capital markets infrastructure represents one opportunity for improving entrepreneurs’ access to capital. Rather than creating and growing specific investment vehicles to invest directly in entrepreneurs, organizations with influence—such as large institutions, foundations, and governments—could instead build up market infrastructure to enable the marketplace of entrepreneurs and capital mechanisms to solve problems.”

PPP program did not address the needs of small and underserved markets with limited access to banking services and relationships. In addition, the delivery vehicles created an expensive infrastructure for businesses. PPP long-term project agreements complicate and reduce flexibility of future credit activity.

The CLIMBER fund will attempt to fill the gaps left by the private market and federal programs, by giving extra incentives to encourage lenders to service these historically underserved markets and actually boost participation at our set target levels from these groups.

To access the research library on this topic, please click [here](#).